



**U.S. Department of  
Transportation**

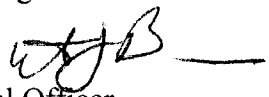
Office of the Secretary  
of Transportation

Assistant Secretary  
for Budget and Programs

400 Seventh St., S.W.  
Washington, D.C. 20590

March 30, 2000

MEMORANDUM TO: Chief Financial Officer Committee Members  
Financial Management Committee Members

FROM: Peter J. Basso   
Chief Financial Officer

SUBJECT: Policy for Use of Credit Cards in lieu of Third Party Drafts  
or SF-44

This memorandum establishes our policy to phase out the use of third party drafts and the Standard Form 44 (SF-44 Purchase Order, Receiving Report, Invoice) by September 30, 2000. The use of third party drafts as a payment mechanism results in significant administrative, distribution, and security costs for the Department. Through greater use of our automated processes, we can reduce costs, paperwork, and manual processing of payment data.

The Office of Inspector General (OIG) has reported that a substantial number of vendors being paid by third party drafts could be paid by credit card. Additionally, the OIG has identified significant numbers of travel vouchers and travel advances being paid via third party drafts. The Debt Collection Improvement Act of 1996 (DCIA) provides that unless a waiver is granted (see 31 CFR 208.4), vendors and federal employees should be paid electronically. Therefore, the need for third party drafts for payments to vendors and employee travel vouchers should be reduced. In those cases where travel costs are being reimbursed for invitational travel, direct deposit, convenience checks, and /or debit cards should be considered.

The SF-44 is a cumbersome, four copy form that requires manual entry of accounting and payment data into DAFIS. Manual processing of the SF-44, like third party drafts, incurs significant use of departmental resources. By using the small purchase credit card in lieu of the SF-44, departmental entities will reduce costs by streamlining the process for acquiring and paying for products and services, reducing paperwork, and automating the accounting functions. In those rare instances where vendors may not accept credit cards, convenience checks (provided through the Bank of America Purchase Card Program) are available to make payment.

This policy does not change any dollar threshold requirements for use of credit cards otherwise established.